

Environmental and Social Review Summary (ESRS)
Mercedes - Bragado Highway Project, Mercedes Section - Start of Suipacha Variant, B-AU-02, Roadway
Corridor B, Argentina
Safe Roads Program Public-Private Partnership, Stage 1

Original language of the document: Spanish

1. Summary of the Scope of the Environmental and Social Review

Argentina has important road infrastructure investment needs. To solve this deficit, the federal government has undertaken a series of reforms aimed at promoting Public-Private Partnerships (PPP), so that private investors can participate in the execution and funding of road infrastructure projects in the country.

In March 2018, the Inter-American Development Bank (“the IDB”) approved the Argentinian Productive Infrastructure Financial Support Program – AR-L1281 (the “Program”), with the main objective of attracting private investment for the financing of highway infrastructure, providing for said purpose a facility of investment guarantees for up to US\$490 million.

The Safe Highways and Roads Program (“the Operation”) will benefit from the partial credit guarantee issued by the Program in favor of a public construction trust fund (which will be financed by IDB Invest and commercial banking credits) that, once in place, will provide resources for the partial financing of the Safe Highways and Roads Network Program Stage I, proposed by the National Highways Department.

The individual road projects included in the Safe Highways and Roads Network Stage I, located in corridors A, B, C, E, F and South (see <https://ppp.vialidad.gob.ar/proyecto-7/>) will be financed by the Operation in two stages: i) the first, consisting of eight projects, will be disbursed once the Operation has been approved, the financial closing has been achieved and the prior disbursement conditions have been met; and ii) the second, which includes 17 additional projects, will be disbursed once the environmental and social information on each of these projects has been substantially verified as being in compliance with the requirements contained in IDB Invest's Sustainability Policy.

The Mercedes - Bragado Highway Project, Mercedes Section - Start of Suipacha Variant, B-AU-02, Roadway Corridor B, (“the Project”) includes: i) twinning the current road for approximately 21.5 km in the Mercedes Section (km 104) - Start of the Suipacha Variant (km 124); ii) the construction of a PR 13+137 trumpet interchange; iii) the construction of a PR 22+388 classic diamond interchange; iv) the construction of a bridge at km 108, Hinojo Stream Intersection; v) the construction of an interchange bridge at Km 111, providing access to Manuel García; vi) the construction of a bridge at Km 114 over the Los Ranchos Stream; vii) the construction of an interchange bridge at km 120,200, providing access to a local road; and viii) the construction of an interchange bridge at km 121,900, providing access to a local road. The ancillary works include a worker camp, an asphalt plant, and a quarry from which the petrous aggregates required for the Project will be extracted. The works are expected to last 36 months, with the highway section possibly being enabled for use in 2021. The Project has an Environmental Impact Assessment (EIA), dated December 2018, an Environmental Impact Statement (EIS), dated December 2018, and a Complementary Environmental and Social Analysis, dated March 2019. The Project was tendered in 2018 and awarded to the company CCCA Civil Panama S.A. - GREEN S.A. (“the Contractor”).

2. Environmental and Social Categorization and Rationale

This Project has been classified as a Category B (medium risk) operation, in accordance with IDB Invest's Sustainability Policy, since its effects and risks are mainly confined to the project site, are considered reversible, and are manageable through the application of the standard measures to be implemented throughout the Project. The main impacts, which will occur primarily during the construction phase, include, among others; i) local traffic disruption, ii) dust, emissions and noise generation, iii) a moderate increase in the possibility of erosion, and iv) the expropriation of land in order to provide the ease of the right-of-way for the road.

3. Environmental and Social Context

The Project's corridor cuts through productive farmland (mainly hay and corn fields), land used for livestock (bovine and equine) grazing, and land used for poultry breeding. Additionally, there are two cheese shops. Along both sides of the corridor there are areas with eucalyptus trees and other introduced species, which will have to be removed. The corridor also crosses the Hinojo, De Los Ranchos and Rio Salango streams. There are no homes or businesses adjacent to the Project area.

The Project does not cross areas identified as being of international importance, or public or private, national or local protected wilderness areas. Likewise, no cultural resources were identified in the Project footprint.

Finally, no public services were identified in the Project layout.

4. Environmental and Social Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks and Impacts

The Project has an EIA and an EIS, as well as a Supplementary Environmental and Social Analysis (SESA), to address IDB Invest's requirements. The EIA identifies the typical impacts of this type of project and their mitigation measures, as provided for in the Roadworks Assessment and Environmental Management Manual (RAEM, Version II) used by the National Highways Department. The EIA has an Environmental Management Plan (EMP) and an Environmental Monitoring Plan specific to the Project. The EIS details the permits and authorizations required for the Project's execution. The SESA identifies, assesses, and proposes management measures to mitigate additional effects to those identified in the EIA, which must be fulfilled in order to comply with IDB Invest's requirements. These include: i) a cumulative impact assessment, ii) verifying possible impacts on protected areas or species of international importance, iii) the need for a Chance Find Procedure for cultural resources, iv) the need for an additional public participation event, specific to the Project, v) a grievance mechanism, and vi) a Land Acquisition Plan.

The Contractor does not have an environmental and social management system specific to the Project that includes all the components required by IFC Performance Standard 1: i) Policy, ii) risk and impact identification, iii) management programs, iv) organizational capacity and competence, v) emergency situation preparation and response, vi) social stakeholder participation and vii) monitoring and assessment.

4.2 Labor and Working Conditions

The Project will use local labor for its construction and maintenance. An estimated 85 workers will be required, including 2% female representation (a minimum of two women) in administrative, technical, support, and assistance positions.

Regarding working conditions, the Project will provide its personnel with: i) accommodation, ii) transportation to and from the work site to their homes, iii) food, either hot meals at each work site or in specific canteens; iv) personal protection equipment (e.g. helmets; gloves; boots; masks; goggles; belts); v) compensatory days for foreign staff, based on distance (1 compensatory day for every 4.5 days worked); and v) technical training (equipment operation, soil, granular base, and asphalt compacting), and environmental health, safety, and security training. The contract will also provide separate bathrooms for each gender. Working hours are from Monday to Saturday, 7:00 AM to 6:00 PM, with a one-hour break.

The Project will respect existing Collective Labor Agreements and the corresponding labor legislation, which includes policies prohibiting discrimination (including gender), child labor, unpaid and forced labor. Contracting will be performed in accordance with the Construction Workers' Union (UOCRA, for its acronym in Spanish) agreement, meaning that paid-by-day personnel will have the corresponding Unemployment Fund Card. The validity of the Mandatory Life Insurance and Labor Risk Insurance covering all personnel, as required by the PPP agreement, will always be kept up to date.

The EIA does not include a worker grievance mechanism.

4.3 Resource Efficiency and Pollution Prevention

The drinking water required by the Project will be sourced from wells or municipal sources. There are no aggregate quarries in the area, so those used in the pavement screed and in the concrete for structures will be sourced from qualified commercial quarries authorized by the Provincial Department of Mining.

The EIA proposes mitigation measures to manage and correctly dispose of sewage and waste generated by the construction of the Project, as well as to reduce effects related to emissions and air quality (including greenhouse gases) during the construction stage.

4.4 Community Health, Safety, and Security

The effects of the Project on the health, safety, and security of the community are generally limited to the construction stage and include: i) traffic disruption, ii) possible exposure to dust and noise, and iii) a possible increase in traffic accidents.

The Project will be carried out mainly in unpopulated areas, which minimizes the community's exposure to the direct effects of its construction. The implementation of a traffic management plan will maintain the flow of traffic and prevent accidents.

4.5 Land Acquisition and Involuntary Resettlement

The expropriations are made in compliance with Law 21499 (National Expropriation Law). According to it, once the Project is approved, all the assets that will be affected by the works must be recorded and declared as State Services, as provided for in Article 17 of the Constitution. The owner is informed via a

telephone call or a Notice of Expropriation. The National Expropriation Court performs the appraisal (property valuation) and informs the owner of the appraisal value through a Valuation Letter. By Law, the amount defined during the appraisal must be increased by 10%. If the owner rejects such appraisal, the court reconsiders the value and issues a new Notice, which is definitive. A second rejection gives rise to an expropriation trial. If approved, the agreement is signed, the administrator's referendum validating the agreement is prepared, a wire transfer is made to the owner's account and the ownership of the land is transferred. The expropriated estate is registered in the name of the Argentinian National State - state assets.

In view of the small number of expropriated parcels of land (34), the expropriation process carried out under Argentinian Law 21,499, the field data acquired, the positive opinion of the communities and affected parties regarding the Project and the absence of indigenous or vulnerable populations in the expropriation areas, the overall effect is considered to be minimal.

The EIA did not include a Land Acquisition Plan incorporating the elements required by IDB Invest. Therefore, the SESA includes a Land Acquisition Plan that complements the expropriation process in order to comply with IDB Invest's requirements. For example, the plan includes a mapping of potentially affected parties, an analysis of the economic conditions of the affected parties, an inventory and an appraisal of the assets within the expropriated area, the vulnerability status of the affected parties and a suitable compensation measures proposal.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

An assessment was performed to identify internationally recognized areas of conservation importance (including areas of importance for bird species conservation, IBAs), but none were found within a 10 km radius of the Project.

Both the EIA and the SESA have concluded that the possible impacts on biodiversity, including on protected species and areas, or on protected areas of international importance, is not significant. However, the region in which the Project is located may contain some important species, including *Rhea americana*, *Porzana spiloptera*, *Larus atlanticus*, *Spartonoica maluriodes*, *Polystictus pectoralis* and *Sporophila ruficollis*. Therefore, the SESA proposes implementing preventive actions, including (prior to construction) visiting the affected natural areas, in order to identify any relevant specimens or nests and take the appropriate actions if any protected or internationally important species are found.

Ecosystem services related to the Project have been identified as: crops, livestock grazing lands, erosion control, and non-utilitarian biodiversity value. Given that the Project will disturb a limited area, with localized effects on environmental and social components, it is foreseen that its impact on ecosystem services will be insignificant to moderate.

4.7 Indigenous Peoples

The Project does not affect indigenous communities or areas.

4.8 Cultural Heritage

Both the EIA and the SESA have concluded that the possible impact on cultural values is negligible. Nevertheless, the SESA proposes the implementation of a Chance Find Procedure in line with

internationally accepted good practices for the protection of previously unknown cultural heritage discovered during construction activities.

5. Local Access to Project Documentation

Information on the Project is available locally on the National Highways Department website via the following link: <https://ppp.vialidad.gob.ar/proyecto-7/>.

6. Environmental and Social Action Plan

**Mercedes - Bragado Highway, Mercedes Section - Start of Suipacha Variant, B-AU-02, Roadway Corridor B, Argentina
Environmental and Social Action Plan (ESAP)**

Item No.	Reference	Action	Product / Deliverable	Expected Delivery Date
PS 1: Assessment and Management of Environmental and Social Risks and Impacts				
1.1	Environmental and Social Management Plan	Develop and implement an Environmental and Social Management Plan for the Project that includes: i) Policy, ii) risk and impact identification, iii) management programs, iv) organizational capacity and competence, v) emergency preparation and response, vi) social stakeholder participation, and vii) monitoring and assessment. The Plan must include the construction and operation stage.	Environmental and Social Management Plan Document	Prior to first disbursement
1.2	Additional Public Participation Event	Carry out a public participation event in accordance with IDB Invest's Sustainability Policy.	Event Report	Before presenting the Operation to the Board of Directors
1.3	Permits	Prepare and keep an updated monitoring matrix of permits for the Project.	Permit matrix and regular updates.	Before presenting the Operation to the Board of Directors
1.4	Community Grievance Management Mechanism	Develop and Implement a Community Grievance Management Mechanism	Grievance Mechanism Document and evidence of its implementation.	Prior to first disbursement
PS 2: Labor and Working Conditions				
2.1	Worker Grievance Management Mechanism	Develop and implement a Worker Grievance Mechanism	Grievance Mechanism Document and evidence of its implementation.	Prior to first disbursement
PS 3: Resource Efficiency and Pollution Prevention				
3.1	Greenhouse gas emission calculation	<ol style="list-style-type: none"> Submit an annual forecast of greenhouse gases for each year. Submit the annual greenhouse gas figures for each completed year. 	<ol style="list-style-type: none"> GHG future forecast GHG figures 	<ol style="list-style-type: none"> Annually Annually
PS 5: Land Acquisition and Involuntary Resettlement				
5.1	Acquisition Plan	Develop and implement a Land Acquisition Plan that includes: i) a map of potentially affected parties; ii) an analysis of the economic conditions of the affected parties, iii) an inventory and appraisal of the assets in the area to be expropriated, iv) the vulnerability status of the affected parties, and v) suitable compensation measures.	Acquisition Plan Document and evidence of its implementation.	Before presenting the Operation to the Board of Directors
PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources				
6.1	Application of Preventive Measures to Address Chance Finds of Protected or Internationally Important Species	Prior to construction, visit the affected natural areas in order to identify any relevant specimens or nests and take the appropriate actions if any protected or internationally important species are found.	<ol style="list-style-type: none"> Chance Find Procedure for Protected or Internationally Important Species and evidence of its implementation. Important species inventory 	<ol style="list-style-type: none"> Prior to first disbursement Before the order to proceed
PS 8: Cultural Heritage				
8.1	Chance Finds	Prepare and implement a Chance Find Procedure for Cultural Resources.	Chance Find Procedure document and evidence of its implementation.	Prior to first disbursement